

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 AF-10

ARA-11 EA-11 NEA-10 RSR-01 SSO-00 INRE-00 /221 W

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O R 301919 Z MAY 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5299

AMEMBASSY REYKJAVIK IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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REYKJAVIK PASS AMBASSADOR MALMGREN

E. O. 11652: N/ A

TAGS: ETRD, EEC

SUBJECT: PROPOSED FRENCH AMENDMENT TO COMMUNITY' S OVERALL APPROACH
TO MULTILATERAL TRADE NEGOTIATIONS

REF: (A) EC BRUSSELS 1958; (B) EC BRUSSELS 2904

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THE MISSION HAS OBTAINED A COPY OF THE FRENCH ALTERNATIVE TO THE COMMISSION'S AMENDED PROPOSALS FOR THE INTRODUCTORY SECTION OF THE EC OVERALL APPROACH TO TRADE. (REFTELS REPEATED TO REYKJAVIK FOR MALMGREN.) THE FACT THAT THE US POSSESSES THIS TEXT SHOULD BE TREATED VERY CAUTIOUSLY.

THE FRENCH ALTERNATIVE SURFACED ON MAY 24 DURING THE FIRST DISCUSSION IN THE COMMITTEE OF PERMANENT REPRESENTATIVE OF THE COMMISSION'S REVISED PROPOSALS. ONE PERMANENT DELEGATION SOURCE INFORMED US THAT THE FRENCH REPRESENTATIVE INFORMED THE GROUP THAT HE WOULD ALSO SHORTLY BE CIRCULATING ALTERNATIVE LANGUAGE FOR THE INDIVIDUAL CHAPTERS. THE TEXT OF THE FRENCH ALTERNATIVE LANGUAGE FOR THE CHAPTERS WILL NOT BE ABLE TO REACH CAPITALS UNTIL FRIDAY, WHICH WILL MAKE IT DIFFICULT TO PREPARE MINISTER FOR A DISCUSSION OF THE ISSUES AT THE EC COUNCIL MONDAY AND TUESDAY (JUNE 4-5). OUR SOURCE EXPECTS THAT THE COUNCIL WILL, HOWEVER, DEBATE THESE POINTS.

BELOW IS THE MISSION'S UNOFFICIAL ENGLISH LANGUAGE TRANSLATION OF THE FRENCH TEXT OF THE FRENCH ALTERNATIVE LANGUAGE FOR THE INTRODUCTORY SECTION: BEGIN QUOTE

1. SINCE ITS CREATION THE EUROPEAN ECONOMIC COMMUNITY, BECAUSE OF ITS EXISTENCE AND BECAUSE OF THE POLICIES WHICH IT HAS FOLLOWED, HAS BEEN ONE OF THE PRINCIPAL FACTORS IN THE EXPANSION AND LIBERALIZATION OF WORLD TRADE.

THE ELIMINATION, AMONG THE NUMBER STATES, OF BARRIERS TO TRADE, THE ESTABLISHMENT OF A UNIFIED MARKET AND THE CONSEQUENT ECONOMIC EXPANSION WITHIN THE COMMUNITY HAVE HAD AN EFFECT OF TRADE CREATION FROM WHICH THIRD COUNTRIES HAVE BENEFITED AMPLY.

AT THE SAME TIME THE COMMUNITY HAS NOT CEASED TO PLAY AN ACTIVE ROLE IN EFFORTS UNDERTAKEN INTERNATIONALLY TO FAVOR THE LIBERALIZATION OF WORLD TRADE. THIS WAS NOTABLY THE CASE DURING THE MULTILATERAL TRADE NEGOTIATIONS WHICH WERE UNDERTAKEN IN THE GATT BEGINNING IN 1962. THESE NEGOTIATIONS RESULTED, IN 1968 (SIC), IN A GROUP OF AGREEMENTS IN WHICH THE CONCESSIONS MADE BY THE COMMUNITY REPRESENTED AN EFFORT CONSIDERABLY GREATER THAN THAT WHICH WAS MADE BY ALL OF ITS PARTNERS. CERTAIN AGREEMENTS IN THE NEGOTIATION OF WHICH THE LIMITED OFFICIAL USE

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COMMUNITY ACTIVELY PARTICIPATED WERE NOT ABLE TO BE PUT INTO EFFECT BECAUSE OF THESE TRADE PARTNERS.

SINCE THEN, THE EC HAS, NEVERTHELESS, FOLLOWED AN OPEN AND DYNAMIC TRADE POLICY, AIDED BY NEW DEVELOPMENTS WHICH HAVE OCCURRED WITHIN THE COMMUNITY AS WELL AS BY ARRANGEMENTS WITH CERTAIN THIRD COUNTRIES.

THE EC HAS, THANKS TO THE ADHERENCE OF THREE NEW MEMBERS, BEEN ENLARGED, CREATING FOR ITS PRINCIPAL SUPPLIERS AN EVEN LARGER MARKET WHOSE DYNAMISM WILL BE INCREASED. AT THE SAME TIME, IN SEARCHING FOR A SOLUTION FOR EUROPEAN COUNTRIES AFFECTED BY ENLARGEMENT, IT HAS GUARDED AGAINST RE- ESTABLISHING OBSTACLES TO TRADE WHERE THEY HAVE ALREADY BEEN ABOLISHED. THE AGREEMENTS REACHED WITH THESE COUNTRIES AND THOSE WHICH THE COMMUNITY HAS CONCLUDED AND EXPANDED WITH THE COUNTRIES WHICH ARE LINKED TO IT BY GEOGRAPHY AND BY HISTORY, AS WELL AS THE TARIFF PREFERENCES WHICH IT HAS GRANTED TO THE WHOLE GROUP OF COUNTRIES OF THE THIRD WORLD, HAS PERMITTED THESE COUNTRIES TO EXPAND THEIR TRADE WITH IT AND THUS TO PARTICIPATE MORE IN THE EXPANSION OF WORLD TRADE.

THE EFFORTS UNDERTAKEN AND THE RESULTS OBTAINED WERE POSSIBLE ONLY TO THE EXTENT THAT THE COMMUNITY HAS BEEN ABLE TO PRESERVE ITS EXISTENCE AND TO REINFORCE ITS UNITY. THE INCREASE OF FOREIGN TRADE IS NOT DUE ONLY TO THE UNPRECEDENTED EXPANSION BROUGHT ABOUT BY THE UNIFICATION OF EUROPEAN MARKETS. IT IS EXPLAINED JUST AS MUCH BY THE MAINTENANCE AND THE REINFORCEMENT OF COMMUNITY SOLIDARITY WHICH HAS PERMITTED THE EC TO OPEN ITSELF MORE TO THE OUTSIDE WORLD.

THE COMMUNITY IS TODAY NOT ONLY THE FIRST TRADING POWER IN THE WORLD, BUT ALSO THE MOST LIBERAL. ITS CUSTOMS TARIFF IS LOWER THAN THAT OF ALL ITS PRINCIPAL TRADING PARTNERS AND IS BURDENED WITH FEWER PROTECTIONIST TEETH. THE RHYTHM OF EXPANSION OF ITS TRADE DURING THE LAST YEARS HAS NOT BEEN EQUALLED BY ANY OTHER GREAT COMMERCIAL POWER, WITH THE EXCEPTION OF JAPAN.

2. THESE CONDITIONS COULD, WITH REASON, LEAD THE COMMUNITY TO BELIEVE, AT A TIME WHEN IT IS INVITED TO PARTICIPATE IN A NEW NEGOTIATION LOOKING TOWARD A GREATER EXPANSION OF INTERNATIONAL EXCHANGE, THAT IT HAS ALREADY MADE A SUBSTANTIAL AND SUFFICIENT CONTRIBUTION TO THE DEVELOPMENT OF WORLD TRADE.

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ITS PRINCIPAL TRADING PARTNERS OUGHT EQUALLY TO ATTEMPT TO DEVELOP TRADE BY AGREEING TO THE SAME EFFORTS TOWARD LIBERALIZATION WHICH IT HAS ALREADY MADE AND PUT INTO EFFECT.

AT THE VERY LEAST - AS IT MADE CLEAR IN THE DECLARATION OF INTENTION TO WHICH IT AGREED IN FEBRUARY 1972 - IT COULD PARTICIPATE IN NEW MULTILATERAL NEGOTIATIONS ONLY TO THE EXTENT THAT THESE NEGOTIATIONS RESPECTED THE OBJECTIVES, THE CONDITIONS AND THE PRINCIPLES TO WHICH THE EC HAS ALWAYS BEEN ATTACHED AND WHICH IT HERE RECALLS:

OBJECTIVES OF THE NEGOTIATION

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INFO OCT-01 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

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3. THE ESSENTIAL OBJECTIVE OF THE COMING TRADE
NEGOTIATIONS OUGHT TO BE TO FAVOR - AND TO ESTABLISH ON MORE STABLE
AND BALANCED BASES - THE MAINTENANCE OF WORLD TRADE WHILE
RESPECTING THE CURRENT INTERNATIONAL RULES.

THE OBJECTIVE OF THE EXPANSION OF TRADE ON A STABLE AND BALANCED
BASE SHOULD LEAD, WITHIN THE INDUSTRIAL FIELD, TO AS GREAT AN
EQUALIZATION AS POSSIBLE OF THE CONDITIONS OF PROTECTION AND SHOULD
ASSURE, IN THE AGRICULTURAL FIELD, A GLOBAL SHARING OF BURDENS AND
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RESPONSIBILITIES.

AMONG THE SOLUTIONS THAT COULD BE SOUGHT, A PARTICULAR PLACE SHOULD BE MADE FOR THE PREOCCUPATIONS OF DEVELOPING COUNTRIES IN ORDER TO PERMIT THEM, BY AN EFFORT JUSTLY SHARED BY THE GROUP OF INDUSTRIAL STATES, TO REACH MORE RAPIDLY A LEVEL OF DEVELOPMENT, THAT PUTS THEM IN A POSITION TO PARTICIPATE FULLY IN THE EXPANSION OF THE WORLD ECONOMY.

THE COMMUNITY REITERATES ITS ATTACHMENT TO THE DISCIPLINES SET FORTH IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND TO THE FULL APPLICATION BY ALL THE CONTRACTING PARTIES OF THE PROVISIONS OF THE AGREEMENT.

THE COMMUNITY ON THE OTHER HAND WISHES TO MAINTAIN ITS RESERVE IN REGARD TO CERTAIN INTENTIONS EXPRESSED ABOUT LEADING THE NEGOTIATIONS TOWARD A REFORM OF GATT RULES WHICH WOULD MAKE EASIER THE USE OF NEW RESTRICTIVE MEASURES. SUCH NEW MEASURES WOULD DIRECTLY CONTRADICT THE OBJECTIVE OF THE EXPANSION AND LIBERALIZATION OF COMMERCE.

CONDITIONS OF THE NEGOTIATIONS

4. THE MAINTENANCE AND REINFORCEMENT OF THE COMMUNITY'S COHEASION ARE THE ONLY WAYS TO GUARANTEE, AS HAS BEEN PREVIOUSLY EMPHASIZED, A SUBSTANTIAL PARTICIPATION OF THE COMMUNITY IN A NEW MOVEMENT OF EXPANSION OF WORLD COMMERCE.

THE PRESERVATION OF THE EUROPEAN EDIFICE, OF ITS CURRENT ACCOMPLISHMENTS AND OF ITS POSSIBILITIES OF DEVELOPMENT THUS REPRESENT AN INDISPENSABLE CONDITION, TO THE REALIZATION OF WHICH THE EC INTENDS TO

SUBORDINATE ITS PARTICIPATION IN THE FUTURE NEGOTIATIONS.

THE EC REJECTS ANY SOLUTION WHICH WOULD IMPLY, IN TARIFF MATTERS, THE DISAPPEARANCE OF THE COMMON EXTERNAL TARIFF, OR, IN THE AGRICULTURAL FIELD, THE QUESTIONING OF THE PRINCIPLES OR THE MECHANISMS OF THE COMMON AGRICULTURAL POLICY. IT THUS INTENDS TO MAKE CLEAR ITS ATTACHMENT TO THE MAINTENANCE OF THE ESSENTIAL ELEMENTS OF COMMUNITY SOLIDARITY. THE SOLUTIONS WHICH COULD BE ACCEPTED AT THE END OF THE NEGOTIATIONS COULD NOT IN ANY CASE RISK ALTERING THE DEVELOPMENT OF THE COMMUNITY'S PERSONALITY. THE NEGOTIATIONS SHOULD, IN EFFECT, BE LIMITED OFFICIAL USE
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*** Current Classification *** LIMITED OFFICIAL USE

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